

# COUNTY OF LOS ANGELES

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## DEPARTMENT OF MENTAL HEALTH

<http://dmh.lacounty.gov>

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Reply To: (213) 738-4601  
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May 31, 2011

TO: Each Supervisor  
*Robin Kay for*  
FROM: Marvin J. Southard, D.S.W.  
Director of Mental Health

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY TO APPROVE A PERCENTAGE INCREASE EXCEEDING TEN PERCENT OF THE TOTAL CONTRACT AMOUNT**

This is to advise your Board that the Department of Mental Health (DMH) is scheduling a Board Agenda Item A-4 for the June 14, 2011 agenda that requests approval to execute new 1115 Waiver Demonstration Project Agreements with Community Partners and amend selected existing DMH Legal Entity (LE) Agreements for the provision of mental health services under the new 1115 Waiver Demonstration Project effective July 1, 2011.

For the new agreements with the Community Partners, DMH is requesting that your Board delegate authority to the Director of Mental Health (Director) to increase the estimated maximum amount of each new agreement above the existing ten percent delegated authority. Furthermore, for the existing LE Agreements, DMH is requesting that your Board delegate authority to the Director to increase the maximum contract amount of each of the selected LE Agreement with an additional ten percent for a total of twenty percent.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over ten percent.

### **BACKGROUND**

On November 2, 2010, California Department of Health Care Services (CDHCS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver Demonstration Project (Waiver), commonly known as the *California Bridge to Reform*, for a five year period, commencing November 1, 2010. The Waiver provides health care coverage expansion, continued partial funding of public hospitals' uncompensated costs, new funding for delivery system improvements at public hospitals, Medi-Cal

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Managed Care for Seniors and Persons with Disabilities, and federal matching funds for various State-only funded programs.

The health care coverage expansion portion of the Waiver provides the framework for federal Health Care Reform in 2014, through its establishment of the Low Income Health Plan (LIHP) which includes Medicaid Coverage Expansion (MCE). MCE is not subject to a federal funding cap and provides a broader range of health care services to its enrollees who are adults, ages 19-64, with incomes at or below 133% of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements. As stipulated by the Waiver, behavioral health services must be integrated into this broader range; these enrollees must receive an evidence-based benefit package of mental health services in community-based settings with an emphasis on prevention and early intervention.

The current mechanism for MCE in Los Angeles County is the "Healthy Way LA Health Care Initiative" (HWLA) Program, which is managed by the County's Department of Health Services (DHS) through its directly operated health centers and Community Partners, previously known as Private-Public Partnership (PPP) Program.

As such, DMH has begun a collaborative effort with DHS to provide for the expansion and enhancement of mental health services in primary care settings, by offering qualified Community Partners to enter into direct contracts with DMH or to partner with DMH LE Contractors or directly operated agencies.

## **JUSTIFICATION**

DMH traditionally serves severely and persistently mentally ill adults, seriously emotionally disturbed children, adolescents, and their families throughout the County of Los Angeles. Through the Waiver, DMH will not only continue to serve members of the existing client population, but will also be introduced to an entirely new set of clients: adults who are experiencing moderate to serious psychiatric symptoms, who would benefit from short-term treatments as well as prevention and early intervention services.

Approval of the requested delegation will permit DMH to respond to the individual financial needs of each Community Partner and LE Contractor, ensuring that each contractor is able to maximize its allocated funds to the fullest extent possible in each Fiscal Year. Additionally, while the DMH has put forth its best effort to make estimates regarding the amounts of funding associated with these services, either DMH or the contractors can determine with complete accuracy the service demands that will arise. This uncertainty can be attributed to variable factors involved, such as the estimated volume of HWLA enrollees which may differ from the actual number of enrollments, as well as the fact that clients are allowed to choose their HWLA provider, which may

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cause inconsistencies between each Contractor's projected and actual level of HWLA service provision. As such, these funding amounts will fluctuate and significantly increase as clients continue to enroll over the course of project implementation, which will take place over the upcoming years.

Accordingly, the delegation will permit both DMH and its contractors to respond to rapidly changing needs. DMH will ensure that all funding reallocations and transfers are in accordance with applicable contract language.

### **NOTIFICATION TIMELINE**

Consistent with the procedures of Board Policy 5.120, we are informing your Board of our intention to proceed with the filing of the Board memo with the Executive Office of the Board for the June 14, 2011 Board meeting.

If you have any questions or concerns, please contact me, or your staff may contact Richard Kushi, Chief, Contracts Development and Administration Division, at (213) 738-4684.

MJS:RK:RK:sk

c:     Executive Officer, Board of Supervisors  
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